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SECURITIES AND EXCHANGE COMMISSION

UNITED STATES DISTRICT COURT

DISTRICT OF OREGON

SECURITIES AND EXCHANGE
COMMISSION,

CV.

CV '07 - 957 ST

Plaintiff,

v.

COMPLAINT

SI CHAN WOOH,

Defendant.

Plaintiff Securities and Exchange Commission (the "Commission") alleges:

SUMMARY OF THE ACTION

1. This matter involves violations of the Foreign Corrupt Practices Act of 1977 ("FCPA") by defendant Si Chan WooH, a former executive at Schnitzer Steel Industries

COMPLAINT

("Schnitzer"), an Oregon-based steel company that sells scrap metal. From at least 1999 through 2004, Schnitzer paid more than \$1.9 million in bribes to managers of steel mills in China and South Korea to induce them to purchase scrap metal from Schnitzer.

Defendant Wooh, former Executive Vice President and head of SSI International, Inc., a Schnitzer subsidiary, offered and paid bribes and aided and abetted Schnitzer's failure to maintain accurate books and records relating to the payments.

2. As a result of these payments, Wooh received bonus compensation from Schnitzer totaling nearly \$15,000. The Commission seeks a court order requiring that Wooh disgorge his improper compensation, plus prejudgment interest; pay a civil monetary penalty; and be enjoined from future violations of the FCPA.

JURISDICTION

3. This Court has jurisdiction over this action pursuant to Sections 21(d)(1) and 27 of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. §§ 78u(d)(1) and 78aa]. Defendant has, directly or indirectly, made use of the means and instrumentalities of interstate commerce and the mails in connection with the acts, transactions, practices and courses of business alleged in this Complaint.

AUTHORITY TO BRING THIS ACTION

4. The Commission brings this action pursuant to Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)].

DEFENDANT

5. Wooh, age 52, resides in Tacoma, Washington. From February 2000 until October 2004, Wooh was the Executive Vice President and head of SSI International, Inc., a Schnitzer subsidiary based in the United States that assisted in Schnitzer's sales in

Asia. Wooh then served as SSI International's President from October 2004 to September 2006. Wooh worked at Schnitzer's facilities in Tacoma, and reported directly to a senior executive at Schnitzer during the relevant time period. Schnitzer terminated Wooh's employment in September 2006.

OTHER RELEVANT ENTITY

6. Schnitzer is incorporated in Oregon and headquartered in Portland, Oregon. Schnitzer operates three business segments that include a steel manufacturer, a metals recycling business and an auto parts business. At the time of the conduct described below, Schnitzer's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act [15 U.S.C. § 78l(g)] and was listed on the NASDAQ National Market. In addition, Schnitzer filed quarterly and annual reports with the Commission pursuant to Section 13 of the Exchange Act [15 U.S.C. § 78m].

FACTS

A. Background

7. The Foreign Corrupt Practices Act prohibits any company that issues securities to the public from offering a bribe (i.e., cash or anything else of value) to a foreign official to persuade that official to use his influence to assist the company in obtaining or retaining business. In addition, the FCPA requires that public companies keep books and records that accurately reflect their operations, and that they put in place internal controls that are reasonably designed to ensure that their books and records are accurate.

B. Sales to Government-Owned Steel Mills in China

8. From at least 1999 through 2004, defendant Wooh violated the anti-bribery provisions of the FCPA by causing Schnitzer to pay approximately \$205,000 in bribes to

managers of steel mills in China that were owned, in whole or part, by the Chinese government. The purpose of the payments was to induce the managers to purchase scrap metal from Schnitzer. Because the mills were at least partially government-owned, the managers were foreign officials within the meaning of the FCPA, and the payments were improper.

9. Schnitzer paid two types of bribes, or kickbacks, to the managers. For the first type, Schnitzer paid a "standard" kickback, which was generally \$3,000 to \$6,000 per shipment. Schnitzer paid these kickbacks out of the revenue it earned on the scrap metal sale. For the second type, Schnitzer participated in a scheme in which the manager of a steel mill would cause the steel mill to overpay Schnitzer for the steel purchase. The manager would then recover the "overpayment" from Schnitzer, in amounts ranging from \$3,000 to \$15,000 per shipment.

10. Wooh requested that Schnitzer wire the money for both types of kickbacks to secret bank accounts in South Korea opened by another SSI employee specifically for this purpose. Wooh and this employee would then use funds from the secret accounts to make improper cash payments to managers of Schnitzer's customers. In addition to the cash payments, Wooh and the employee gave gifts to the managers of the government-owned customers to induce the managers to purchase scrap metal from Schnitzer.

11. From at least 1999 through 2004, Wooh paid over \$205,000 in bribes to managers of Schnitzer's government-owned customers in China in connection with 30 sales transactions. Schnitzer's gross revenue for the transactions totaled approximately \$96 million, and Schnitzer earned approximately \$6.3 million in net profits on the sales.

12. Based on the revenue that Schnitzer realized from the bribes to foreign officials, described above, Wooh received bonus compensation of \$14,819.38.

C. Sales to Privately-Owned Steel Mills in China and South Korea

13. Also from at least 1999 through 2004, Wooh caused Schnitzer to pay approximately \$1.7 million in bribes to managers of privately-owned steel mills in China and South Korea. These mills were privately-owned and the managers were not foreign officials. However, Schnitzer violated the FCPA by failing to properly account for and disclose the bribes in its internal records and public filings.

14. In China, Schnitzer paid approximately \$420,000 in such bribes, in transactions that produced approximately \$214 million in gross revenue for the company. In South Korea, Schnitzer paid approximately \$1.3 million in such bribes, in transactions that produced approximately \$290 million in gross revenue. Wooh and another employee also provided non-cash gifts to general managers of South Korean customers.

D. Schnitzer's Investigation and Subsequent Events

15. In May 2004, Si Wooh disclosed to Schnitzer's compliance department the fact he made payments as described above. Based on this information, Schnitzer began to investigate the potential FCPA violations. Even after disclosing this practice to the compliance department, Wooh made two additional payments to managers in South Korea; a senior Schnitzer executive authorized the payments in order to satisfy outstanding agreements.

16. Around the same time as his discussions with Schnitzer's compliance department, Wooh authorized SSI employees in South Korea to destroy documents concerning the improper payments to foreign officials and general managers of private

steel mills. Wooh's conduct contributed to Schnitzer's failure to keep accurate and required books and records in violation of the FCPA.

FIRST CLAIM

*Violations of Section 30A of the Exchange Act
(Anti-bribery provision of the Foreign Corrupt Practices Act)*

17. Paragraphs 1 through 16 are re-alleged and incorporated by reference.

18. Wooh made payments, through money and gifts, to foreign officials for the purpose of influencing their official acts and decisions and inducing them to use their influence to assist Schnitzer in obtaining or retaining business with foreign steel mills. Throughout the relevant period, the recipients of these offers and payments were foreign officials within the meaning of the FCPA, and the relevant foreign steel mills were instrumentalities of foreign governments within the meaning of the FCPA.

19. By reason of the foregoing, Wooh violated the illegal offers and payments provisions of the FCPA, codified as Section 30A of the Exchange Act [15 U.S.C. § 78dd-1].

SECOND CLAIM

*Aiding and Abetting Violations of Section 13(b)(2)(A) of the Exchange Act
(Books and Records)*

20. Paragraphs 1 through 16 are re-alleged and incorporated by reference.

21. With respect to the offers and payments described above, Schnitzer failed to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflected its transactions and dispositions of its assets, in violation of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

22. Wooh, knowingly or recklessly provided substantial assistance to Schnitzer's violation of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

23. By reason of the foregoing, Wooh aided and abetted Schnitzer's failure to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflected its transactions and dispositions of its assets, in violation of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

PRAYER FOR RELIEF

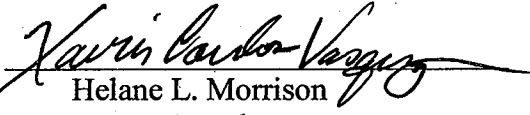
WHEREFORE, the Commission respectfully requests that the Court:

1. Permanently enjoin Wooh and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the judgment by personal service or otherwise from directly or indirectly violating, or aiding and abetting violations of, Sections 30A and 13(b)(2)(A) of the Exchange Act;
2. Order Wooh to disgorge all wrongfully obtained benefits, plus prejudgment interest;
3. Order Wooh to pay civil penalties under Sections 21(d) and 32(d) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78ff];
4. Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court; and

5. Grant such other and further relief as the Court may deem just, equitable, and appropriate.

Dated: June 27, 2007

Respectfully submitted,

By: 
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Tracy L. Davis
Xavier Carlos Vasquez

Attorneys for Plaintiff
SECURITIES AND EXCHANGE
COMMISSION